AGRIWATCH

Rice Weekly Research Report
May 06th, 2013

Latest Market Development:-

The non-basmati varieties of rice are expected to witness an uptrend in prices soon on the back of enhanced *buying interest. Rice market witnessed a mixed trend on last week with prices of Pusa-1121 dropping further and Parmal varieties improving marginally. While all other non-basmati and aromatic varieties managed to maintain their previous levels. However over all sentiments for rice cash market for both non basmati and aromatic varieties remain firm.*

All-India progressive procurement of Rice *for the marketing season 2012-13 as on 26.04.2013 was 305.58 lakh tonnes against the procurement of 300.15 lakh tonnes up to the corresponding period of last year.*

India's rice production estimates by Indian Agriculture Minister on its Third Advance Estimates are expected to reach 104. 22 million tonnes *for crop year 2012-13, which is around 4.22% higher than this year production of 100 million Tonnes. They also revise food grains expected production to 255.36 million tons, up about 5.22 million tons or around 2% from around 250.14 million tons estimated in the second advance estimates released in February.*

Among the food grains, inflation for Rice has decreased to 17.9% from the previous month's (March) level *of 18.84% and Wheat also decreased to 19.87% from the previous month's level of 21.69%.*

As per data available from the Food Corporation of India (FCI) Rice stocks in India's central pool as of April 1, *2013 stand at around 35.46 million tonnes, the highest ever for this time of the year, Current rice stocks are about 6% higher than rice stocks of around 33.35 million tons recorded during the same time last year, and about 2.5 times the buffer and strategic norms of around 14.2 million tons required as on April 1, 2013.*

CACP recommend to Indian government to increase the MSP of paddy in 2013-14 from Rs. 1250 to Rs. 1310 per quintal *for common grade paddy and Rs. 1280 to Rs. 1340 per quintal for Grade A. This could be the lowest increase in paddy MSP in recent years, if it will approve.*

The India Meteorological Department (IMD) *has forecast "normal rainfall" in the June-September monsoon and tempered concerns about a drought as unlikely.*

Weather watch:

Rain/thundershowers would occur at a few places over Jammu & Kashmir during next 24 hours and at one or two places thereafter.
Rain/thundershowers would occur at one or two places over Himachal Pradesh and Uttrakhand during next 24 hours.
Rain/thundershowers would occur at many places over northeastern states and at a few places over Sub Himalayan West Bengal & Sikkim.
Rain/thundershowers would occur at one or two places over Bihar, Jharkhand, Chhattisgarh, Gangetic West Bengal, Odisha, Vidarbha and Andhra Pradesh.
Rain/thundershowers would occur at a few places over Andaman & Nicobar Islands and Tamilnadu during next 24 hours and at one or two places thereafter. Rain/thundershowers would occur at one or two places over Lakshadweep, south Karnataka and Kerala.
No significant change in maximum temperatures over northwest and adjoining central India.
Weather would be mainly dry over rest parts of the country

Rice export through OGL as on 20.12.2012

Rice Export Under OGL as on 30th September, 2012							
Units are in lakh tonnes 2011-12	**Non Basmati**	**Basmati**	**Total**	**2012-13**	**Non Basmati**	**Basmati**	**Total**
Oct-2011	4.5	3.4	7.9	**Oct-2012**	6.64	2.08	8.72
Nov-2011	5.5	4	9.5	**Nov-2012**	7.61	1.12	8.73
Dec-2011	5.9	2.5	8.4	**Dec-2012**	5.32	1.05	6.37
Jan-2012	5.45	2.75	8.2	**Jan-2013**	4.68	3.21	7.89
Feb-2012	5.75	1.76	7.51	**Feb-2013**	4.9	2.53	7.43
Mar-2012	5.6	2.25	7.85	**Mar-2013**	5.1	3.7	8.8
April-2012	5.8	1.35	7.15	**April-2013**	4.2	3.1	7.3
May-2012	5.3	1.9	7.2				

June-2012	5.5	1.75	7.25				
July-2012	5.25	2.25	7.5				
Aug-2012	3.75	1.71	5.46				
Sept-2012	2.25	1.25	3.5				
Total	**60.55**	**26.87**	**87.42**		**38.45**	**16.79**	**55.24**
Note: - New season for paddy starts on Oct 2012.							

Source: IBIS, and Traders (Revised Export Figure)

Total rice exports by India in the current Marketing Year (MY) October, 2012 to April, 2013, crossed 55 lakh tonnes , we expect total rice export in the end of this MY (Oct-2013) is likely to touch 9 Million tonnes which is first time in history and it also helps for India to become top rice exporters in the world . This is supported by strong demand from West Asia, Africa and South-East Asian countries.

Domestic Supply And Demand:

Marketing Year January -December			
Attributes	**2010-11**	**2011-12**	**2012-13 E**
Beginning Stocks with govt.	24.35	25.56	28.91
Production	95.98	104.32	100
Total Availability	120.33	129.88	128.91
Domestic consumption	48	50	52.5
Govt. Procurement	34.9	35.03	40
Exports	2.77	8.74	7.4
Total Usage	85.67	93.77	99.9
stock with Millers /Stockiest	9.1	7.2	7
Ending Stocks	25.56	28.91	22.01
Av Monthly Consumption	4	4.17	4.38
Stock to Month Use	6.39	6.94	5.03
Stock to Consumption Ratio	0.53	0.58	0.42
		Fig. in Million ton	

India is in contented situation on the rice stock front with consecutive bumper productions and supported with higher carryout stock. We expect the new rice marketing season to begin with around 29 million T stock with smooth procurement under way despite lower Kharif production at around 86 to 87 million T. We expect 13 million T production Rabi season. Due to continuous overseas especially from African and gulf countries rice export may touch 9 million tonnes in this crop year. If export continues, carryout for next year may drop to around 28 million T.

Progressive Procurement of Rice as on 26/04/2013: **(Fig. in Lakh tonnes)**

States	Total procurement in marketing season2011-12 (Oct. – Sept.)	In Marketing season 2012- 2013	In Marketing season 2011-2012
Andhra Pradesh	75.40	45.81	53.06
Chhattisgarh	41.15	48.03	41.13
Haryana	20.07	26.03	20.05
Kerala	3.72	0.92	1.07
Madhya Pradesh	6.35	9.01	6.32
Maharashtra	1.78	1.77	1.90
Orissa	28.64	28.18	20.53
Punjab	77.31	85.57	77.31
Tamil Nadu	15.96	4.69	15.18
Uttar Pradesh	33.55	22.08	32.51
Uttaranchal	3.78	4.57	3.32
West Bengal	20.41	13.63	12.58
All-India	**350.31**	**305.58**	**300.15**

Source: http://dacnet.nic.in/

Rice procurement by Government agencies has crossed half of the targeted of 40 million tonnes (mt) for the Kharif marketing season 2012-13 starting October. Procurement as on 26, April, 2013 stood at 30.55 mt, up around by 1.8 per cent over that in the corresponding period last year at 30.01 mt. Procurement has been higher in Punjab, Haryana, Chhattisgarh and Odisha. The Government agencies had procured 35 mt of rice in the 2011-12 Kharif marketing season and are targeting 40 mt in the current season.

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

Year	*Jan*	*Feb*	*Mar*	*April*	*May*	*June*	*July*	*Aug*	*Sept*	*Oct*	*Nov*	*Dec*
2010	*24.35*	*25.65*	*26.95*	*26.71*	*23.26*	*25.26*	*24.26*	*22.87*	*20.48*	*18.44*	*23.17*	*24.52*
2011	*25.58*	*27.80*	*28.70*	*28.82*	*27.76*	*27.64*	*26.86*	*25.27*	*22.7*	*20.5*	*26.83*	*27.63*
2012	*29.71*	*31.8*	*33.17*	*33.35*	*32.92*	*32.14*	*30.70*	*28.50*	*25.59*	*23.4*	*28.95*	*30.67*
2013	*32.22*	*35.4*	*35.8*	*35.46*								

Total rice stocks in India's central pool have increased to about 35.46 million tons as of April 1, 2013, up about 5% from about 33.35 million tons recorded on April 1, 2012, and the highest ever on record for this time of the year.

State wise Wholesale Prices Weekly Analysis for Rice first Week May, 2013:

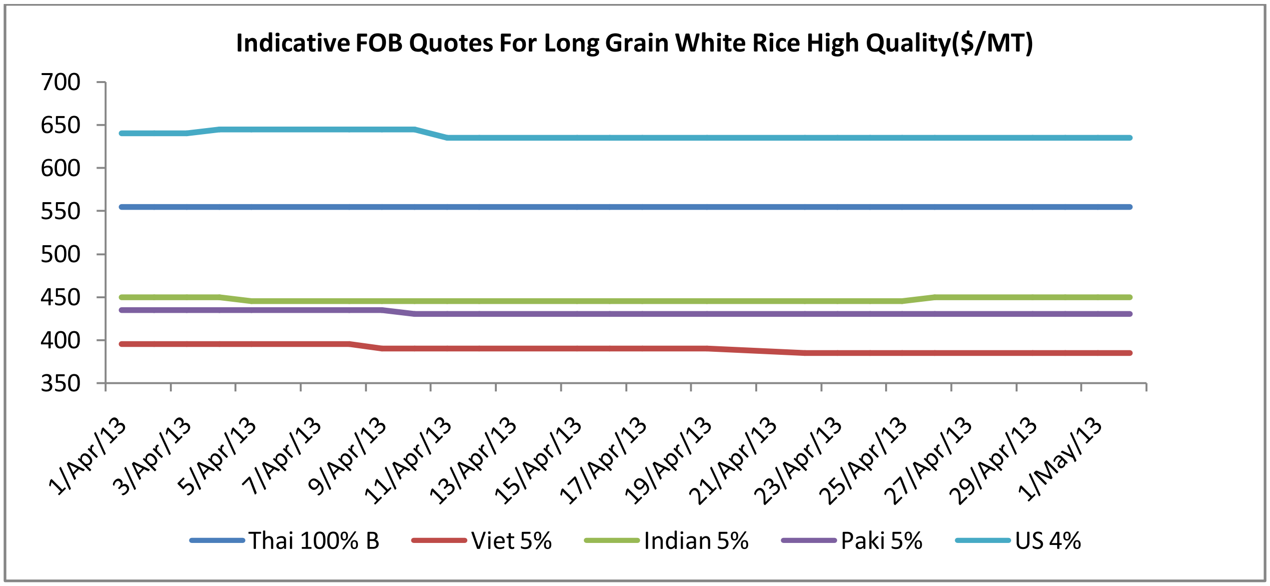
State	Prices 01-08 May 2013	Prices 24-30 Apr 2013	Prices 16-23 Apr 2013	Prices 01-08 May 2012	% Change(Over Previous Week)	% Change(Over Previous to Previous Week)	% Change(Over Previous Year)
Assam	2559.04	2561.98	2551.19	2289.97	-0.11	0.31	11.75
Gujarat	2552.38	2628.43	2627.88	2194.66	-2.89	-2.87	16.3
Jharkhand	2444.99	2457.73	2388.1	2135.51	-0.52	2.38	14.49
Karnataka	3096.58	3064.34	2955.43	2361.74	1.05	4.78	31.11
Kerala	3754.93	2650.55	3244.57	2656.06	41.67	15.73	41.37
Maharashtra	5292.23	5267.04	5254.95	4186.18	0.48	0.71	26.42
Manipur	2139.02	2134.67	2137.66		0.2	0.06	___
Meghalaya	2925	2976.47	3100	3126.67	-1.73	-5.65	-6.45
Orissa	1674.53	2320.04	2197.55	2107.72	-27.82	-23.8	-20.55
Uttar Pradesh	1784.65	1744	1713.81	1465.99	2.33	4.13	21.74
West Bengal	2298.35	2262.28	2248.98	1912.67	1.59	2.2	20.16
Average	2774.7	2733.41	2765.46	2443.71			
As per the data reported by APMCs							

Average Prices of rice have push upward around Rs.40/Qtl in comparison to last week. Overall sentiments are bullish and we expect market well move steady to firm in the weeks ahead.

Price Projection for May 2nd Week in Domestic Market:

Duration	Trend	Average Price Range
2nd Week of May, 2013	Steady to Firm	Rs.2700-2800/Qtl

FOB Quotes for Long Grain White Rice, High Quality:-



FOB Quotes for long grain white rice high quality has been almost unchanged from previous week, overseas markets are showing a steady trend except India as demand of Indian rice is too much competitiveness.

IGC Balance Sheet: Updated on 25.04.2013 **(Fig. In MMT)**

IGC estimate released on 21.02.13	2009-10	2010-11	2011-12 estimated	2012-13 forecast 21.03.13 (Milled basis)	25.04.2013
Production	441	448	466	468	467
Trade	31	36	38	36	37
Consumption	437	446	459	468	468
Carry over St.	96	99	106	107	107
Year change	4	3	8		0
Major exporters	29	31	37	39	39

Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

High Lights:-

- With larger outturns in China and elsewhere more than offsetting smaller main and secondary crops in India, production is forecast to edge higher, to an all-time peak in 2012/13.
- Boosted by China and India, world consumption is expected to expand by 2%, but the world carryover is set to rise marginally.
- Smaller deliveries to sub-Saharan Africa and Far East Asia will result in a 5% fall in world trade in 2013, although China's imports are likely to remain above average.
- The IGC GOI rice sub-Index is fractionally lower m/m with firmness in Thailand but slight declines at other origins.

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World Market Recap:

Paddy rice production in Japan is expected to decline to around 10.6 million tons in 2013, down almost 1% from the previous year, according to the UN's Food and Agriculture Organization (FAO). However, production may be higher than the current estimates as the FAO says that early indications of the 2013 rice crop point to a slight increase in plantings due to high prices during 2012. Japan is mostly self-sufficient in rice and imports around 600,000 to 700,000 tons of rice (milled basis) annually under its WTO commitments.

South Korea has purchased about 32,314 tons of rice in tenders for delivery in August to September 2013, according to the state-run Korea Agro-Fisheries & Food Trade (KAFFT). The KAFFT purchased 8,650 tons of rice at $703.99 per ton; 8,664 tons of rice at $712.63 per ton; 6,000 tons of rice at $795.24 per ton; and 9,000 tons of rice at $797.24 per ton. South Korea imports around 400,000 tons of rice annually to meet its WTO commitments.

After the low production year in 2012, paddy production in Pakistan is expected to bounce back to around 9.23 million tons (about 6.27 million tons, basis milled) in 2013, up about 15% from 2012, according to the UN's Food and Agriculture Organization (FAO). The FAO said that a combination of deficient rainfall at the start of the 2012 Kharif season (May-July) and localized floods later in August - September caused Pakistan's rice production to decline to around 8 million tons (about 5.4 million tons, basis milled) in 2012, down about 13% from the previous year. However, rice production is likely to recover in 2013 following predictions of normal monsoon and higher supplies of irrigated water from the river Indus. Pakistan is one of the top five rice exporters in the world. Higher production may help Pakistan increase its rice exports in 2013-14 from around 2.6 - 2.9 million tons of rice exports in the previous year.

Vietnam exported about 1.98 million tons of rice from beginning of the year to April 25, 2013, according to data from Vietnam Food Association (VFA). The average FOB prices during the period stood at around $438 per ton. During April 1-25, 2013, Vietnam exported about 529,982 tons of rice, down about 21% from around 671,394 tons exported in the full month April 2012. Average FOB prices in April 1-25, 2013 stood at around $425.5 per ton, down about 1.7% from around $433 per ton recorded in April last year.
Vietnam is targeting total rice exports of around 8 million tons in 2013, up about 4% from around 7.7 million tons exported in 2012.

Source: Oryza

Rice Price Trend @ CBOT (July- 13, Rough Rice):

(Prices in US$/hundredweight)

Market Analysis:

The U.S. cash rice market shows bullish trend in previous day session. We expect market will trade in the range of 14.20(support) to 15.60 (Resistant), Rice CBOT market is moving range bound and bearish tone is likely to continue on latest bearish outlook by IGC.

Price Projection (International-CBOT):-

Duration	Trend	Price Range
2nd Week of May, 2013	**Steady to Week**	14.20-15.60